

**NORWIN PUBLIC LIBRARY ASSOCIATION, INC.  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2021**

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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Norwin Public Library Association, Inc.

#### **Opinion**

We have audited the accompanying financial statements of Norwin Public Library Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Norwin Public Library Association, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Norwin Public Library Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Norwin Public Library Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

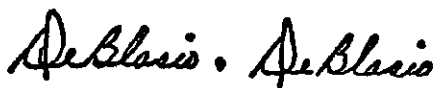
### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Norwin Public Library Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Norwin Public Library Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



DeBlasio & DeBlasio Associates  
Certified Public Accountants  
Greensburg, Pennsylvania  
May 18, 2022

## **FINANCIAL STATEMENTS**

**Norwin Public Library Association, Inc.**  
**Statement of Financial Position**  
**December 31, 2021**

**Assets**

**Current Assets**

Cash and Cash Equivalents	\$	398,003
Investments, at Fair Value		2,481,971
Accounts Receivable		201,394
Prepaid Expenses		<u>12,488</u>
<b>Total Current Asset</b>		<u><b>3,093,856</b></u>

**Non-Current Asset**

Fixed Assets, Net of Depreciation		1,483,865
Endowment Funds:		
Cash and Cash Equivalents		23,383
Certificates of Deposit		<u>54,500</u>
<b>Total Non-Current Assets</b>		<u><b>1,561,748</b></u>

**Total Assets** **\$ 4,655,604**

**Liabilities and Net Assets**

**Current Liabilities**

Accounts Payable	\$	3,795
Accrued Payroll		<u>12,448</u>
<b>Total Current Liabilities</b>		<u><b>16,243</b></u>

**Total Liabilities** **16,243**

**Net Assets**

Net Assets Without Donor Restrictions		4,568,988
Net Assets With Donor Restrictions		<u>70,373</u>
<b>Total Net Assets</b>		<u><b>4,639,361</b></u>

**Total Liabilities and Net Assets** **\$ 4,655,604**

The accompanying notes are an integral part of these financial statements.

**Norwin Public Library Association, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions-Foundations and Trusts	\$ 4,438	\$ -	\$ 4,438
Grants, Gifts, Bequests, and Memorials	144,945	-	144,945
Norwin School District Referendum	501,394	-	501,394
United Way Support	2,147	-	2,147
Fines	621	-	621
Photocopier	1,530	-	1,530
Investment Income	81,412	-	81,412
Other Income	1,024	-	1,024
Foregiveness of Debt	84,262	-	84,262
Net Assets released from restrictions	<u>498</u>	<u>(498)</u>	<u>-</u>
<b>Total Revenues and Support</b>	<b><u>\$ 822,271</u></b>	<b><u>\$ (498)</u></b>	<b><u>\$ 821,773</u></b>
<b>Expenses:</b>			
Program Services			
Library Programs	\$ 645,236	\$ -	\$ 645,236
Supporting Services			
Management and General	<u>54,035</u>	<u>-</u>	<u>54,035</u>
<b>Total Expenses</b>	<b><u>699,271</u></b>	<b><u>-</u></b>	<b><u>699,271</u></b>
<b>Increase(Decrease) in Net Assets from Operations</b>	<b><u>123,000</u></b>	<b><u>(498)</u></b>	<b><u>122,502</u></b>
<b>Other Income and Expenses</b>			
Unrealized Gain/(Loss)	<u>194,787</u>	<u>-</u>	<u>194,787</u>
<b>Total Other Income and Expense</b>	<b><u>194,787</u></b>	<b><u>-</u></b>	<b><u>194,787</u></b>
<b>Change in Net Assets</b>	<b>317,787</b>	<b>(498)</b>	<b>317,289</b>
<b>Beginning Net Assets</b>	<b><u>4,251,201</u></b>	<b><u>70,871</u></b>	<b><u>4,322,072</u></b>
<b>Ending Net Assets</b>	<b><u>\$ 4,568,988</u></b>	<b><u>\$ 70,373</u></b>	<b><u>\$ 4,639,361</u></b>

The accompanying notes are an integral part of these financial statements.

**Norwin Public Library Association, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**

	<u>Library Program Services</u>	<u>Management and General</u>	<u>Total</u>
Advertising	\$ 2,087	\$ -	\$ 2,087
Audiovisual	20,739	-	20,739
Books	50,618	-	50,618
Computer	1,835	204	2,039
Conferences and Dues	416	46	462
Databases On-line	3,763	-	3,763
Depreciation	71,093	-	71,093
Insurance	19,330	2,148	21,478
Maintenance	50,025	5,558	55,583
Mileage	99	11	110
Miscellaneous	2,025	225	2,250
Payroll Expense:			
ADP Fees	4,617	513	5,130
Gross Pay	276,587	30,732	307,319
Payroll Taxes	22,435	2,494	24,929
Employee Benefits	25,664	2,852	28,516
Periodicals	3,620	-	3,620
Photocopier	1,587	176	1,763
Postage	416	46	462
Professional Fees	47,729	5,303	53,032
Program Expenses	7,011	-	7,011
Supplies and Printing	11,869	1,319	13,188
Telephone	2,171	241	2,412
Utilities	<u>19,500</u>	<u>2,167</u>	<u>21,667</u>
Total	<u>\$ 645,236</u>	<u>\$ 54,035</u>	<u>\$ 699,271</u>

The accompanying notes are an integral part of these financial statements.



**Norwin Public Library Association, Inc.**  
**Statement of Cash Flows**  
**December 31, 2021**

**Cash Flows from Operating Activities**

Change in Net Assets \$ 317,289

**Adjustment to Reconcile Change in Net Assets to Net Cash Provided/ (Used)  
by Operating Activities**

Depreciation	71,093
(Increase) Decrease in Receivable from Norwin School District	(6,596)
Increase (Decrease) in Accounts Payable	(5,982)
Increase (Decrease) in Refundable Advance	(44,673)
(Increase) Decrease in Prepaid Expenses	1,193
Increase (Decrease) in Accrued Payroll	864
Gain (Loss) on Investments	<u>(253,540)</u>

**Net Cash Provided by Operating Activities** 79,648

**Cash Flows From Investing Activities**

Purchase of Fixed Assets	(15,792)
Purchase of Investments	(389,153)
Proceeds from Sale of Investments	<u>403,296</u>

**Net Cash Provided by Investing Activities** (1,649)

**Cash Flows from Financing Activities**

Proceeds from Debt	<u>(84,262)</u>
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**Net Cash Used In Financing Activities** (84,262)

**Net Increase in Cash and Cash Equivalents** (6,263)

**Beginning Cash and Cash Equivalents** 404,266

**Ending Cash and Cash Equivalents** \$ 398,003

**Supplemental Disclosure of Cash Flow Information**

Interest Paid During the Year \$ -

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**Norwin Public Library Association, Inc.**  
**Notes to the Financial Statements**  
December 31, 2021

**NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

The Norwin Public Library Association, Inc. (the Organization) is a tax-exempt organization benefiting the public, by whom it is supported. It is operated on a not-for-profit basis, which results in no financial benefit accruing to any specific individual or group of individuals.

A Library Tax Referendum for 1.2 mills was passed on April 4, 2000 and approved by the school board on May 15, 2000. The referendum commenced in 2000 and the current year tax revenues were \$501,394. The Organization receives minimal public support directly from contributions and from the United Way for general purposes. The Organization also receives aid from the Commonwealth of Pennsylvania. For the year ended December 31, 2021 the amount of state aid received was \$107,215. Other revenue received includes Fines and Investment Income.

Financial Statement Presentation

The Organization classifies its resources for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. For the year ended December 31, 2021, the Organization had the following net asset categories:

1. Net Assets without Donor Restrictions:  
Net assets that are not subject to donor imposed restrictions.
2. Net Assets with Donor Restrictions:  
Net assets subject to donor imposed restrictions that will be met by the passage of time or by actions of the organization.

Revenue and Support Recognition

The Organization revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

The Norwin Public Library accounts for contract and grant revenues, which are exchange transactions, in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each individual program are used as guidance. All monies not expended in accordance with the grant or contract are recorded as a liability to the grantor as the Norwin Public Library does not maintain any equity in the grant or contract. Additionally, funds received in advance of their proper usage are accounted for as deferred revenue in the statement of financial position.

**Norwin Public Library Association, Inc.**  
**Notes to the Financial Statements**  
December 31, 2021

Refundable Advance/Grant Receivable

As stated above, revenue is recorded when earned. The revenue recognition criterion applicable to certain grant funding is met when allowable expenditures are incurred. Thus, revenue has been recognized in an amount equal to allowable expenditures incurred. Any grant payments received in excess of expenditures incurred are classified as refundable advances. When expenditures incurred exceed amounts received from grantors, a grant receivable has been recorded.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of less than three months to be cash equivalents.

Restricted Cash

Restricted cash represents a donor restricted reserve fund for the Organization.

Donated Property and Equipment, Materials, and Services

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions.

Expense Allocation

Directly identifiable expense are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosures of financial instruments:

Cash, cash equivalents, short-term investments, and promises to give due in less than one year: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

**Norwin Public Library Association, Inc.**  
**Notes to the Financial Statements**  
December 31, 2021

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restrictions.

Contributed Services

During the year ended December 31, 2021, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Income Taxes

The Library is exempt from federal income tax under Section 501(C)(3) of the Internal Revenue code. The federal income tax return 990 of the Library is subject to examination by the IRS, generally for three years after they were filed.

Fixed Assets

Fixed assets are carried at cost. Depreciation expense is computed over the estimated useful life of an asset using the straight-line and 200% declining balance methods.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Books and Periodicals

The collections, which were acquired through purchases and contributions since the organization's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

**Norwin Public Library Association, Inc.**  
**Notes to the Financial Statements**  
December 31, 2021

Compensated Absences

Employees of the Organization are entitled to paid vacations, depending on the job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when paid to employees.

**NOTE 2: RESTRICTIONS ON NET ASSETS**

Net Assets With Donor Restrictions as of December 31, 2021 are as follows:

	2021
Butterfly Garden	\$ 6,512
Donor Restricted Endowment	63,861
Total Net Assets With Donor Restrictions	\$ 70,373

Net Assets Without Donor Restrictions as of December 31, 2021 are as follows:

	2021
Undesignated	\$ 4,568,988
Total Net Assets Without Donor Restrictions	\$ 4,568,988

**NOTE 3: FIXED ASSETS**

Property and Equipment consist of the following at December 31, 2021

Land	\$ 127,432
Building	2,391,751
Land Improvements	12,596
Bookshelves	208,487
Computer Equipment	59,916
Furniture and Fixtures	123,431
Accumulated Depreciation	(1,439,748)
	\$ 1,483,865

**Norwin Public Library Association, Inc.**  
**Notes to the Financial Statements**  
December 31, 2021

**NOTE 4: CERTIFICATES OF DEPOSIT**

The certificates bear interest ranging from .095% to .45% and have maturities ranging from five to twenty five months, with penalties for early withdrawal.

**NOTE 5: ENDOWMENT FUNDS**

Endowment fund investments are reflected at fair value. Current earnings from this fund are reflected as net investment income on the Statement of Activities.

**NOTE 6: RETIREMENT PLAN**

The Simple IRA plan covers all employees who have earned at least \$5,000 per year during any two preceding years, and who are expected to earn at least \$5,000 in the current year. Employer contributions are mandatory, and can be made on a dollar-for-dollar match (limited to 3% of each employee's eligible compensation). Employer contributions to the plan for 2021 were \$8,119.

**NOTE 7: CASH AND CASH EQUIVALENTS**

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Association's deposits may not be returned. The Association does not have a policy for custodial credit risk on deposits. At December 31, 2021, the carrying amount of the Association's deposits was \$475,886 and the bank balance was \$486,630. Of the bank balance, \$486,630 was covered by federal deposit insurance and \$131,682 was exposed to custodial credit.

**NOTE 8: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the Independent Auditors' Report date which is the date the financial statements were available to be issued.

**NOTE 9: INVESTMENTS**

Fair Value Measurements

The Library adopted the accounting standard for measuring fair value in accordance with generally accepted accounting principles. This standard defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This standard applies under other accounting pronouncements that require or permit fair value measurements, but does not require any new fair value measurements. The adoption of the standard did not have a material impact on the financial statements.

**Norwin Public Library Association, Inc.**  
**Notes to the Financial Statements**  
December 31, 2021

Under generally accepted accounting principles, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs).

The standard defines the three levels of the fair value hierarchy:

- Level 1 - Observable inputs such as quoted prices in active markets.
- Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly.
- Level 3 - Unobservable inputs in which there is little or no market data, which requires the reporting entity to develop its own assumptions.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques are used to maximize the use of observable inputs and minimize the use of unobservable inputs.

The estimated fair values of financial instruments are as follows:

	<u>Fair Value</u>	<u>Level 1</u>
Fixed income	\$ 784,003	\$ 784,003
Mutual Funds and Stocks classified as Available-For-Sale Securities	1,697,966	1,697,966
Endowment Funds Certificates of Deposit	<u>54,500</u>	<u>54,500</u>
	<u>\$ 2,536,469</u>	<u>\$ 2,536,469</u>

Investment income totaled \$81,412 for the year.

**NOTE 10: NOTE PAYABLE/PPP FUNDING**

In April 2020, the Library entered into a Paycheck Protection Program loan in the amount of \$84,262. The principle and interest are forgivable after the covered period as long as the Library uses the loan proceeds for the eligible purpose. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with payments beginning 10 months after the end of the covered period. The Library has recorded a note payable that will mature July 1, 2023. The Library will record forgiveness upon being legally released for the loan obligation. Forgiveness income of \$84,262 has been recorded for the year and the loan balance at December 31, 2021 is \$0.



**Norwin Public Library Association, Inc.**  
**Notes to the Financial Statements**  
December 31, 2021

**NOTE 11: LIQUIDITY AND RESERVES**

The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects the Organization's financial assets (cash and cash equivalents and investments) as of December 31, 2021, reduced by amounts not available for general expenditures within one year.

Total Financial Assets	\$ 3,159,251
Less those unavailable for general expenditures within one year due to:	
Donor Restricted Endowment Funds	(63,861)
Purpose Restrictions	<u>(6,512)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,088,878</u>